



United States Climate Partnership Association (USCPA)

June 22, 2005

Electronic submission:

**Re: Department of Energy Federal Register Notice (6450-01-P), 10 CFR Part 300,
General Guidelines for Voluntary Greenhouse Gas Reporting; RIN 1901-AB11**

The U. S. Climate Partnership Association (USCPA) is pleased to offer the following comments regarding the DOE General Guidelines for Voluntary Greenhouse Gas Reporting.

USCPA is a cross-industry trade association of companies dedicated to helping companies manage their greenhouse gas (GHG) emissions and advocating and communicating that voluntary actions are effective in addressing the challenges concerning GHG emissions reductions strategies and reporting.

USCPA places a high importance on establishing a credible voluntary GHG reporting system for the United States that is not only flexible but will encourage robust and diverse participation from all sectors of the economy.

USCPA believes that the Department of Energy's 1605 (b) GHG Guidelines are an important strategic tool to accomplish a number of key public policy objectives, and it is critical that changes to the Guidelines enhance our ability to achieve these objectives. From USCPA's perspective, these objectives are:

- Demonstrate that voluntary measures should be viewed as a preferable alternative to GHG reduction mandates in achieving GHG reductions; due to their cost effectiveness and flexibility in providing government and industry a means of achieving real, measurable reductions;
- Encourage the broadest range of participation from the manufacturing, power generation, government, commercial and transportation sectors of the economy;
- Provide a clear roadmap for companies on how to measure and report GHG emissions and emissions reductions within each company;

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- Encourage competitiveness of American business and stimulate innovation;
- Encourage companies to inventory their global GHG emissions and mitigation efforts and encourage proper recognition for these past and future reductions;
- Provide the flexibility to allow companies to report actions that enable them to share best practices or other examples of voluntary initiatives.

We thank you again for the opportunity to participate in the process. USCPA looks forward to continuing to work with you on these important matters.

Sincerely,

A handwritten signature in black ink, appearing to read "John Flatley". The signature is fluid and cursive, with a large initial "J" and a stylized "F".

John Flatley
USCPA Executive Director

June 22, 2005

**Re: Department of Energy Federal Register Notice (6450-01-P), 10 CFR Part 300,
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**COMMENTS OF THE UNITED STATES CLIMATE PARTNERSHIP
ASSOCIATION (USCPA)**

USCPA commends the DOE and its personnel for its recently released Guidelines. Clearly, the DOE is working with industry to produce the best GHG emissions inventory and reporting system in the world. However, we strongly encourage the DOE to keep focused on two salient themes as the process for codifying the reporting guidelines moves forward from here.

Reporting to the DOE 1605 (b) is voluntary, not mandatory. As such, we (USCPA & the DOE) must find the delicate balance between rigor for quality purposes and the potential cost to business. If the rigor becomes too great, the cost and participation in voluntary reporting will unfortunately decline. The reporting rules need inherent flexibility that meets our collective needs. USCPA is dedicated to working in partnership with the DOE in these coming months to help determine how to roll out the interim guidelines with a goal of garnering maximum participation in the process specific to the development of emissions inventories.

USCPA electric utility members have expressed concern that under the new guidelines, projects cannot be registered with out entity-wide reporting. The USCPA would like to work with the DOE to resolve this issue. Without resolution, many electric utilities may not report their emissions to the DOE.

Timeline for Development and Implementation of 1605(b)

It is important that the emissions inventory and reporting system stand the test of time and serve the needs of companies who are only now planning to report for the first time and also those who have been reporting for years. GHG accounting and reporting is a very complex issue and has never been done before at this level of quality and scope. Given its complexity and importance to US companies, USCPA recommends the DOE split the timeline of development and implementation into two pieces. A 'learning curve' would give all interested participants greater confidence that there will not be costly mis-steps along the path of establishing an accurate (value added) emissions inventory. A timeline that comprehends the 'learning curve' approach means we can "road-test" the inventory and reporting guidelines before they are finalized.

USCPA recommends that the DOE focus on deploying the initial emissions inventory guidelines in time so that companies can report their 2005 emissions in year 2006. The first year of using the new emissions inventory guidelines should be considered a pilot. Insights from the pilot phase will be implemented in 2006, which will enable the guidelines to be finalized in 2007 for the reporting of 2006 data.

We suggest that the DOE use year 2006 to deploy the initial registry guidelines for implementation in 2007. The first year of implementation should be considered a pilot. Insights from the pilot will be implemented in 2007 and finalized in 2008.

Baseline Year of 2002

USCPA believes it is important for 1605 (b) to accommodate the proactive voluntary actions that a company has taken before 2002 especially if the actions were already reported in earlier years to DOE. If a company reports pre-2002 emissions or recasts its earlier 1605 (b) reports using the updated Guidelines, it should be able to include them in the revised registration system.

There is no reasonable GHG accounting or business rationale as to why 2002 should be the required baseline year. Businesses across the country have taken responsible action to reduce GHG emissions for many years. They have spent capital and people resources to reduce GHG emissions. Those actions should be reported and registered if those companies wish to do so under the requirements of the revised guidelines.

Rating System:

The newly introduced Rating System has introduced increased reporting quality requirements which also potentially add to the cost-burden of company reporting. This is despite the fact that the DOE allows an entity to use a distinct emissions measurement or estimation method that would be reported separately. We understand such an alternative estimation method would require the approval of the DOE if not included in the Technical Guidelines.

As a potential solution, USCPA recommends that the DOE include a cost/benefit analysis for the new rating system to clearly define the cost/resource burden on the reporting entity to achieve levels A-D. The analysis should also define the types and sensitivity to inaccuracies between levels A-D and how to determine a weighted average of the ratings.

The rating system should be designed to provide flexibility to organizations as to the level of reporting they wish to attain and the resources that they can devote to this process. While there should be flexibility for companies to move up or down the rating system as circumstances change, care must be taken to ensure that there is not an increase in reporting requirements over time unless the reporting entity elects to “move up”. The pilot process should enable the participants to learn of the cost/benefit requirements per their company to achieve a level 3 to 4 rating.

De minimis Emissions

USCPA believes the de minimis threshold should be increased from 3 percent to 5 percent. The DOE proposed level of 3 percent is an example of unnecessary cost burden. The majority of U.S. emissions will come from large corporations that have a significant number of facilities. Collecting and reporting small quantities of emissions does not add value and establishing a 3 percent threshold is a disincentive for businesses to inventory their emissions. From a practical standpoint, it is important to recognize that when

companies create energy efficiency projects, it seeks large sources of emissions to pursue reductions-not small emission sources. The point is, collecting and reporting such small emission sources are a burden and it is usually not cost effective to reduce them.

Sequestration and Project Reporting

USCPA believes reporting entities should not be required to report terrestrial carbon sources or sinks in entity wide reporting or with the intensity indicators for any property not being actively managed for carbon sequestration. The proposed guidelines unnecessarily increase the cost of reporting to business.

Considering the converse, USCPA also believes that entities expending real dollars actively pursuing reforestation should be recognized for their efforts, irrespective of whether the corporate entity achieves a net emission reduction. Sequestration projects and projects in general, that meet high technical standards, should be given equal recognition under DOE's revised guidelines.